INTERSECTION OF MIXED-FINANCE AND CSS

July 24, 2008

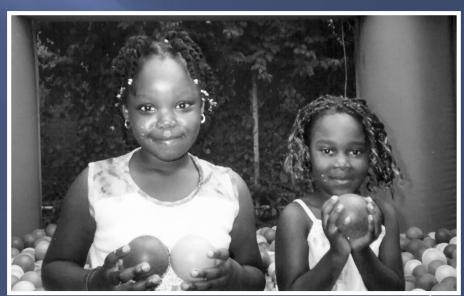
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Purpose of Presentation

- Provide overview of the mixed-finance development process
- Discuss why it matters for CSS people to understand the "development side"
- Highlight important intersections of MF and CSS

At the Core...

- Intentionally integrate development + CSS
- Become educated (Dev + CSS)
- Maximize opportunities
- Focus on outcomes
- Keep at it!



HOPE VI Accomplishments*

- 242 HOPE VI grants awarded to 128 cities
- \$5.9 billion in HOPE VI awards has leveraged another \$12.4 billion

Number of households relocated: 71,647

Number of units demolished: 89,379

Number of units constructed: 68,919

	Rental		Homeow		
	ACC	Non-ACC	ACC	Non-ACC	Sub-total
New	29,668	18,597	4,001	6,019	58,285
Rehab	8,806	1,270	150	408	10,634
	38,474	19,867	4,151	6,427	68,919

^{*}HUD data as of 3/31/08

Key MF Definitions

- Ability to make use of private and/or public sources for the purpose of developing public housing that may be owned by an entity other than a PHA
- A mixed-finance development that includes a combination of public housing units and non-public housing units (e.g. LIHTC, market-rate, homeownership)

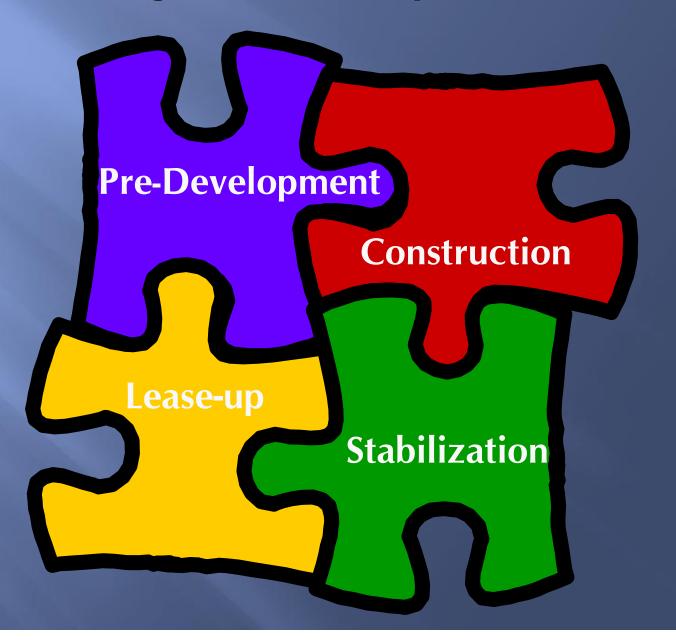
Development Financing

- > HOPE VI
- Other Public Housing Authority Funds (Capital Funds, reserves, Replacement Housing Factor Funds, vouchers for project-basing, etc.)
- Low Income Housing Tax Credits (9% or 4%)
- Tax Exempt Bonds
- City and Local Funds (Housing Trust Fund, HOME, CDBG, 108, Voluntary Contribution, etc)
- Federal Home Loan Bank
- Private (foundation support, local leverage)
- Debt

Mixed-Finance Unit Types

Unit Type	Owner	Income Eligibility	Operating Subsidy	Rent	Issue(s)
PH/ACC	PHA (or non- PHA entity)	Up to 80% AMI	From PHA	30% AGI	No equity; reliant on HUD operating subsidy
LIHTC	Partnership	Up to 60% AMI	None	Tax credit rents	Reliant on attracting residents between 40-60% AMI Can use vouchers
PH/LIHTC	Partnership	Up to 60% AMI	From PHA	30% AGI	Cannot serve residents between 60-80% AMI

Understanding the Development Process



The Development Process Timeline

Predevelopment 12 - 24 months Construction 18 - 24 months Leasing 2 - 12 months

Stabilization up to 15 – 40 years

Opportunities for Engagement

Planning

Establish CSS Program

CSS Approach

Development Program

PHA Roles

Procurement

Ownership

Development

Procure Team

Establish Re-Occupancy Criteria

Begin Relocation

Implement
Outcomes
Oriented CSS
Program

Finalize Development Program

Finalize Financing

Closing + Construction

HUD + Financial Closings

ACOP

Management Documents

Regulatory +
Operating
Agreements

Schedule for Reoccupancy

Occupancy + Operations

LIHTC may require services

CSS as a tool to ensure longterm protection of investment

Operating budget + reserves

Transformation

Asset Management

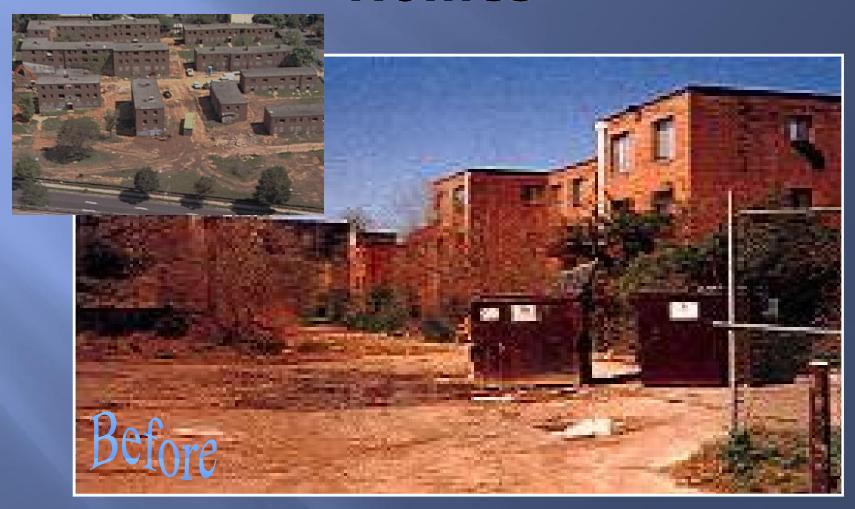
CSS Endowment

Integrate CSS + Development Teams Ensure both are fully engaged Opportunities to influence program prior to closing Sources of financing impact both development programming + occupancy

Community Facilities

- From the **Development** perspective:
 - Who will operate the facilities?
 - How big do the community facilities need to be?
 - How will operating costs of the building be paid?
- From the CSS perspective:
 - Who are the target users and providers?
 - What facilities will attract all income groups?
 - How will services change over time?
 - Is integration with the community important?

Washington, DC: Ellen Wilson Homes

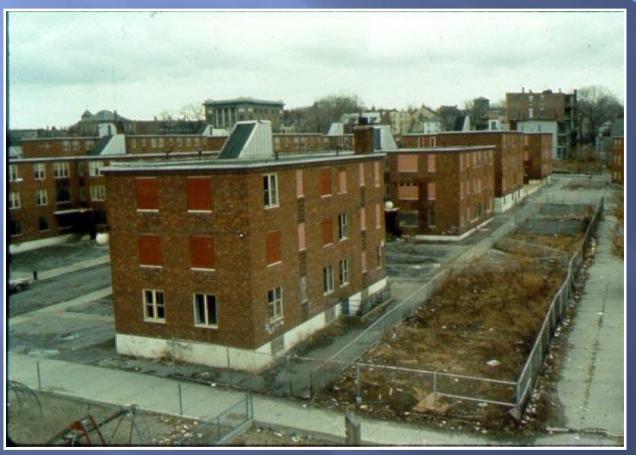


Washington, DC: Townhomes at Capital Hill



Boston - Orchard Park

Before



- 70% of adult residents had\$0 earned income
- " 90% of residents had incomes less than \$20,000
- " 50% of units were vacant

Boston - Orchard Park



After

- Household income increased by 79.6%
- Assessed property values increased by 31.8%
- Neighborhood has received \$293.8 million investment

Boston - Maverick Gardens



- Average household income \$13,367
- Less than 50 households were employed full time

Boston - Maverick Gardens



- 90% of residents who wanted to return were able to
- Average PH household income \$21,565
- 265 households report full time employment
- Endowment fund of \$1,960,567 from equity